TELUS

1991

ANNUAL

REPORT

BUILDING MOMENTUM

CORPORATE PROFILE

TELUS Corporation is a leading Canadian telecommunications and information management services company. Through its subsidiaries, TELUS strategically manages assets of $3 billion. AGT Limited is the largest member of the TELUS group, providing local, long distance and data telecommunications services to connect Albertans with the world.

CONTENTS

ANNUAL MEETING OF SHAREHOLDERS

Tuesday, April 28, 1992
10:00 a.m.
Calgary Convention Centre
MacLeod Hall Salon A
120 - 9th Avenue S.E.
Calgary, Alberta

THE PRIVATIZATION OF TELUS, WITH A TOTAL ISSUE PRICE OF MORE THAN $1.77 BILLION, WAS THE LARGEST PUBLIC OFFERING OF SHARES IN CANADIAN HISTORY. IN DECEMBER 1991, INVESTMENT DEALERS HANDLED ORDERS FROM MORE THAN 100,000 INVESTORS WHEN THE ALBERTA GOVERNMENT SOLD ITS REMAINING 58 MILLION SHARES.

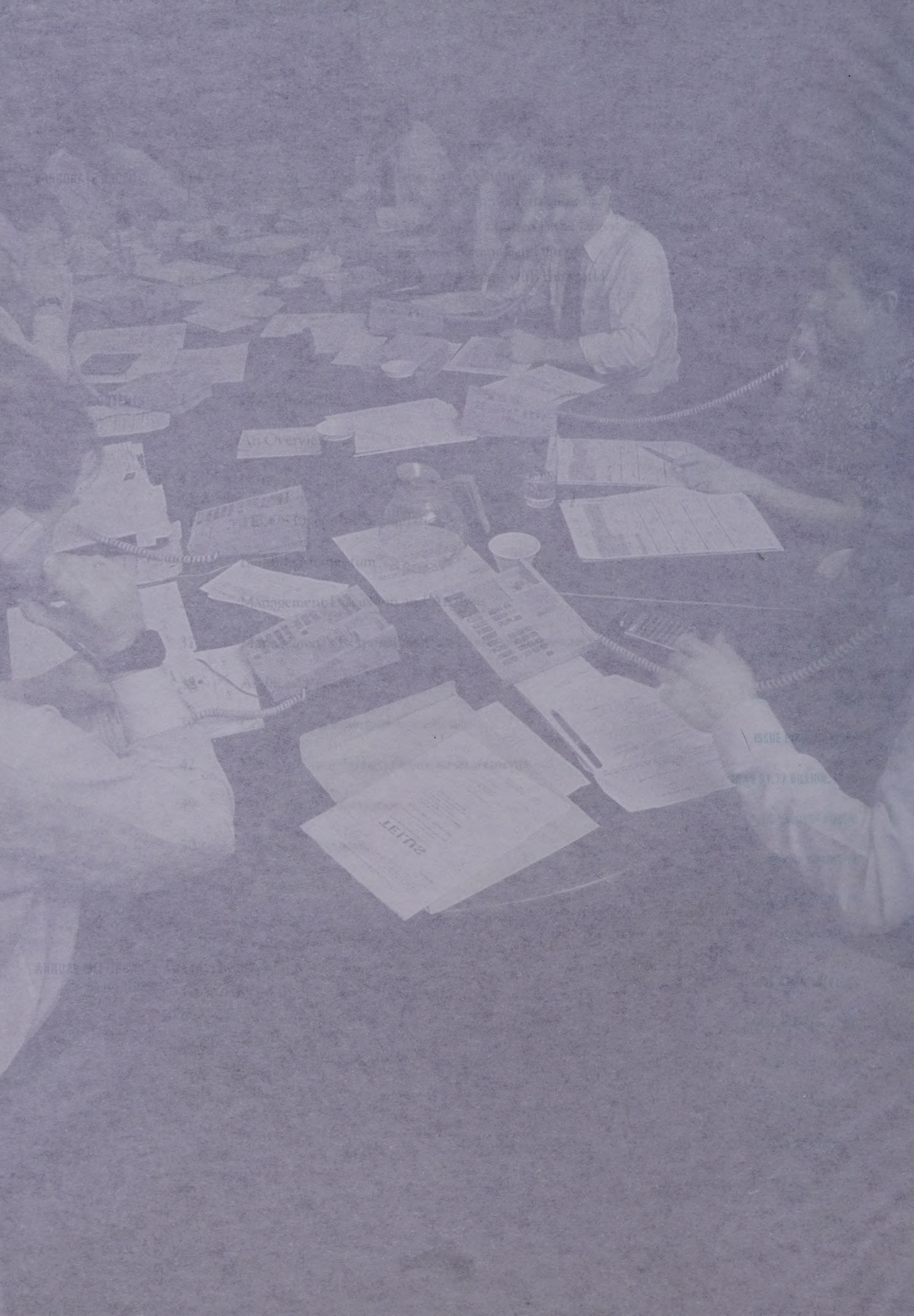
Momentum (noun) impetus gained by movement

No word better describes our business now and in the future. Telecommunications is a $13-billion Canadian industry and one of the fastest growing sectors of our economy. Federal government statistics show that our industry outperformed overall Canadian economic growth since 1986.

At TELUS Corporation, we understand that building momentum in a global "information economy" takes sustained effort. We know our strengths — solid finances, sophisticated networks, knowledgeable and committed employees.

As our momentum grows, we will measure success in terms of long-term wealth to shareholders, world-class service to customers and an enriching work environment for employees.

Our actions in 1991 and those planned for 1992 can be viewed in the context of four goals — putting customers first, positioning for competition, earning a solid return and using technology profitably. The progress made to date is proof that TELUS Corporation is building momentum and is well-positioned for success.



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1991 HIGHLIGHTS

(millions except earnings per share)	Percentage Change	1991	1990
FINANCIAL			
Operating revenues	3.2%	$1,227.2	$1,189.3
Operating expenses	1.2%	961.5	950.4
Income from continuing operations			
before financing costs (1)	7.1%	247.1	230.8
Net income	N/A	183.4	71.7*
Capital expenditures	-29.3%	352.6	498.6
Plant investment - gross	0.2%	3,998.7	3,990.0
- net	3.4%	2,606.1	2,520.9
EARNINGS PER COMMON SHARE			
Income from continuing operations	N/A	$ 1.33	$ .30*
Net income	N/A	$ 1.33	$. 52*

OPERATIONAL			
Access lines (thousands)	2.7%	1,128.7	1,098.8
Long distance messages (millions)	7.0%	391.3	365.7
Messages per line	4.2%	347	333

Where appropriate for comparative purposes, the 1990 figures are combined totals reflecting the TELUS Corporation reporting period of October 4 to December 31, and unaudited AGT Commission figures for January 1 to October 3.

* Numbers marked with an asterisk (*) refer to TELUS results for the period October 4 to December 31, 1990 only.

(1) refer to Note (2) on page 50.

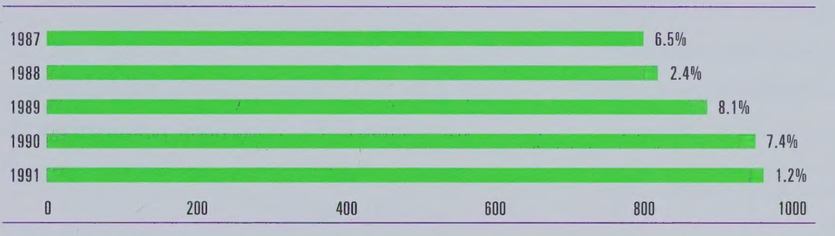
OPERATING REVENUES

(millions)

Long distance revenue was lower in 1991 due to reduced long distance rates. This was offset by increases in message volumes, growth in local service and other revenues.

OPERATING EXPENSES

(millions)



Operating expenses were held to 1.2% over 1990, reflecting continued emphasis on productivity improvements.

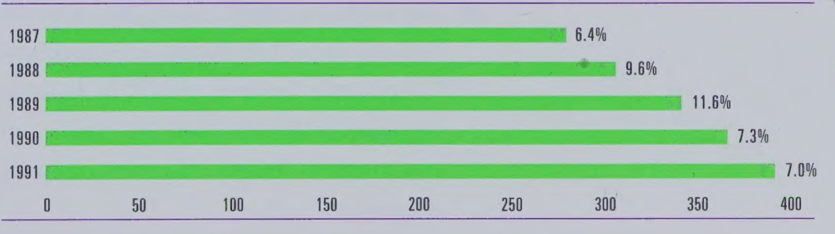
ACCESS LINES

(thousands)

A key indicator of growth is the addition of 30,000 access lines during 1991, representing year over year growth of 2.7%.

LONG DISTANCE MESSAGES

(millions)



Rate reductions in basic long distance services and growing popularity of various subscription services helped stimulate 7% volume growth in 1991.

OUR VISION

We are a leader at enriching people's lives at home, work or leisure, through reliable information and telecommunications services that are accessible wherever, whenever, and however our customers want.

At the TELUS group of companies:

- We believe our presence and capabilities in Alberta form the basis of our growth and drive social and economic development in the region.
- We leverage our core competencies, and those of our partners, to capitalize on domestic and international opportunities that enhance our competitive advantage.

We share these values and beliefs:

- We are committed to the success of our customers, employees, shareholders and society as a whole.
- We value dedication, initiative and adaptability.
- We maintain a challenging work environment, promoting teamwork, participation, continuous improvement and economic health.
- We base our decisions on customer satisfaction and economics.
- We conduct our business with respect for the environment.

OUR BUSINESS

TELUS Corporation was formed in October 1990 as the management company for the privatized business of the AGT Commission, which served Albertans since 1906.

TELUS Corporation has assets of $3 billion and employs over 10,000 people across its operating subsidiaries, the largest of which is AGT Limited, Canada's third largest telecommunications company.

In addition to AGT Limited, the TELUS group includes: AGT Cellular Limited, operating Alberta's most extensive cellular network; AGT Directory Limited, publisher of white and Yellow Pages directories in Alberta; Alta Telecom International Ltd., providing telecommunications consulting services internationally; Alta-Telecom Inc., specializing in network construction, engineering design and project management services in the United States; and Alta-Can Telecom Inc., a venture capital company investing in start-up technology businesses.

Our national Stentor alliance and our interconnection with other major networks gives Albertans access to a wide range of services throughout the world.

OPERATING HIGHLIGHTS

- Much of 1991 was dedicated to reorganization, focusing more employees on customer service, and consolidating and streamlining functions.
- The individual line service program was completed on time and under budget, providing Albertans with one of the most modern networks in North America.
- In December, the Alberta government sold its remaining shares in TELUS Corporation. The offering was oversubscribed and raised $870 million for the government.
- AGT Limited reduced long distance rates by nearly 7% in 1991.
- AGT Cellular Limited extended its *Message Centre* service system-wide. Coverage was extended to Fort McMurray and the Drayton Valley region in February 1992.
- AGT Directory Limited produced a fully recyclable telephone directory. Recovery of old books for recycling is implemented province-wide. In Calgary alone, 41% of directories were recovered.

LOOKING AHEAD

- The new national Stentor alliance with eight other Canadian telecommunications companies will be implemented during 1992 as contracts are signed, functional areas are consolidated and processes are launched for the development of new services.
- By May 1992, the CRTC is expected to rule on AGT Limited's revenue requirement application which was heard in Calgary in February.
- The AGT Answer Centre will be in place by mid-1992, providing customers with one, convenient point of contact through a 1-800 number.
- Market trials of one number access services and at-home bill-payment and banking options will explore the potential for new customer services.
- A CRTC decision on competitive applications to enter the long distance market is expected in mid-1992.
- AGT is represented on a panel of industry experts that will make recommendations in 1992 on the convergence of the telecommunications and cable television industries.
- Through a joint task force with Saskatchewan Telephones and Manitoba Telephone System, AGT is making recommendations on methods of regulating the Prairie telecommunications companies.
- AGT Cellular will make changes to its billing system to allow greater flexibility in tailoring services to customer needs.

NEIL WEBBER,

CHAIRMAN

DRIVING CANADIAN COMPETITIVENESS

Global competition is a fact for Canadian business. Internationally, political and economic institutions have crumbled while technological advances have created a seamless worldwide marketplace that trades in knowledge and information.

At the heart of Canada's global competitiveness is telecommunications. It's an industry uniting Canadians on strands of fibre optics, just as ribbons of steel were the foundation of Canada's national dream in the past. It's an industry that can launch Canadian businesses into new world markets, just as trade in natural resources fueled Canadian growth in earlier years.

TELUS views Canadian competitiveness in worldwide markets as the key to continuing prosperity at home. For our group of companies, this presents both an opportunity and a responsibility. Steps taken in 1991 are building our momentum as a new vision develops for a more competitive Canada.

HAL NELDNER,
PRESIDENT AND CHIEF
EXECUTIVE OFFICER

BUILDING MOMENTUM FROM STRENGTHS

TELUS Corporation was launched into the private sector in October 1990 in the largest public offering of shares in Canadian history. Just over a year later, in December 1991, the Alberta government sold its remaining shares in a secondary offering, raising $870 million in orders from more than 100,000 Canadian investors – a significant vote of confidence in us and our industry.

We are delighted by the overwhelming response from Alberta investors, who purchased 82% of the 58 million shares sold in the second public issue.

Our transition to investor ownership emphasized three corporate strengths: a healthy financial base, sophisticated telecommunications networks and dedicated employees.

From this base, TELUS achieved positive results on its four key goals: focusing on customer needs, positioning for competition, earning a solid return for shareholders and making profitable use of technology.

SOLID RETURN TO SHAREHOLDERS

In the first full year after privatization, the 25.5% return on investment to shareholders represented a price gain of $2.50 per share, in addition to dividends totalling 88 cents. The attractiveness of our high dividend yield during a period of declining interest rates helped our stock outperform the Toronto Stock Exchange 300 index by 2.4 times.

1991 consolidated net income was $183.4 million or $1.33 per common share, based on operating revenues of $1.2 billion. Revenues increased 3.2% due to use of the rate stabilization reserve and growth in local and other services. These factors helped offset lower long distance revenues as the effect of rate reductions exceeded growth in long distance volumes.

Operating expenses of $961.5 million were kept to a 1.2% increase. This reflects our continuing emphasis on productivity improvements and a 5% reduction in the number of employees.

Based on this solid performance, the Board of Directors announced a quarterly dividend increase of one cent to $0.23 per share effective the January and April 1992 payments.

We were also pleased with the debt ratings assigned to our major operating subsidiary, AGT Limited (AGT). The company received high quality short- and long-term debt ratings which are comparable to others in our industry.

Looking ahead, we expect a Canadian Radio-television and Telecommunications Commission (CRTC) decision by May 1992 on AGT's revenue requirement application.

FOCUS ON CUSTOMERS IS FIRST PRIORITY

Customers' sense of value is based on global standards – more choice, better quality, dependability and competitive prices. For these reasons, excellent customer service is the number one priority across our entire group of companies. Ongoing customer satisfaction surveys are giving us the feedback we need to continually improve our service.

To strengthen our competitiveness and sharpen our focus on customers, we dedicated much of 1991 to adapting internal organizational structures and strengthening alliances to tap growth opportunities.

One important initiative is AGT's recent alliance with eight other Canadian telecommunications companies, under the umbrella name of Stentor. The alliance provides three advantages – efficiencies in coordinating and marketing national telecommunications services to large business customers; economies of scale in engineering and developing new products and services; and a unified industry voice on public policy issues. In 1992, we will be active in shaping this alliance to address the interests of our customers, shareholders and employees.

TECHNOLOGY ANSWERS CUSTOMER NEEDS

Our network is one of the most sophisticated in North America. It supports revenue-generating enhancements to local service and improves cost-efficiency through software-driven programs such as the automated handling of long distance calls. We continue to modernize switches with 92% of all lines digitally switched by year-end. And, we added approximately 5,400 kilometers to our fibre optics network in 1991, bringing the total to more than 67,000 kilometers.

On the cellular front, we are seeking ways to commercialize our tri-cellular system which optimizes the design of cellular networks to reduce their operating costs.

We are also assessing the commercial viability of personal communications, a new generation of products based on wireless technologies. The results of our field trials are being forwarded to the federal Department of Communications (DOC) as standards and parameters for licensing of these new services are developed. Similarly, we are making our views known to the DOC on the competitive impacts related to the converging cable television and telecommunications industries.

PEOPLE AT THE HEART OF OUR SUCCESS

Employees are the key to successfully addressing our customer service objectives. Their knowledge, initiative and dedication in daily operations gives us a competitive edge in today's demanding marketplace. We extended total quality management processes company-wide and provided more than 2,000 employees with training in total quality.

New human resource programs, such as the employee and family assistance program were established in 1991. And, in September, we received employee input on the quality of our work environment, providing clear direction on areas for improvement in 1992 and beyond.

We continued to strengthen our partnership with the International Brotherhood of Electrical Workers (IBEW), which represents AGT's three bargaining units. Operators and clerical staff ratified an agreement covering the period to April 30, 1993. Negotiations for a new contract are underway with our installation and repair employees.

We also look forward to the expertise of the new senior management who joined TELUS: Ted Maksimowski, assistant vice-president, Business Development; Monica Sloan, assistant vice-president, Strategy Development; and John Wheeler, assistant vice-president, Investor Relations. Joining AGT Limited were: Susan Robinson, vice-president, Human Resources and John Webb, senior vice-president, Marketing and Business Development. In other appointments, Don Lowry was named president, AGT Limited; Harry Truderung became president, AGT Cellular Limited; and Michael Raymont was named president and chief executive officer, Alta Telecom Inc. and Alta Telecom International.

The TELUS board has an important role in guiding management as we shape our future course. We welcomed the expertise and vision of three new members – Robert Ferchat, Rick LeLacheur, and Walter O'Donoghue, Q.C. – who, together with others on the board, will help set strategic direction and monitor progress on behalf of all shareholders.

AGT LIMITED PHONE CENTRES PUT CUSTOMERS IN TOUCH WITH ADVANCED TELECOMMUNICATIONS PRODUCTS AND SERVICES, MANY OF WHICH CAN BE CUSTOMIZED TO THEIR INDIVIDUAL NEEDS.


CELLULAR

COMMITTED TO ALBERTANS

We have been a part of Alberta for 86 years – helping in its economic and business growth and contributing to the community in other innovative ways.

We are proud to support the United Way, to contribute to the Winter and Summer Games for Alberta's young athletes, and to dedicate thousands of employee hours to Extension, a unique volunteer program created by AGT in support of community agencies and projects throughout the province. In 1992, AGT will expand its support of wildlife conservation with Feather Care, a project that converts buried cable markers into nests to alleviate habitat loss for Alberta's native birds.

PERPETUATING OUR STRENGTHS

Success in our first year as an investor-owned company was important. As we enter our second year, we are propelled with the momentum of solid financial returns, dedicated employees, innovative technology, competitive strength and intense dedication to our customers.

Neil Webber

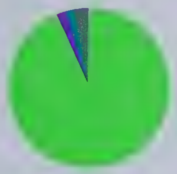
Neil Webber
Chairman

H Neldner

Hal Neldner
President and
Chief Executive Officer

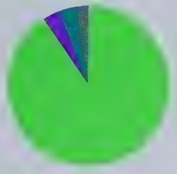
TELUS OPERATING SUBSIDIARIES

EMPLOYEES



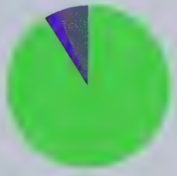
- AGT Limited: 93.4%
- AGT Cellular: 1.9%
- AGT Directory: 1.7%
- Other: 3.0%

OPERATING REVENUES



- AGT Limited: 90.8%
- AGT Cellular: 3.6%
- AGT Directory: 3.2%
- Other: 2.4%

NET ASSETS



- AGT Limited: 91.3%
- AGT Cellular: 2.7%
- Other: 6.0%

AGT LIMITED

The leading long-term supplier of telecommunications and information services in Alberta, provides integrated solutions to the information needs of businesses and residents

AGT CELLULAR LIMITED

Operates the most extensive cellular network in Alberta; develops, supplies and maintains private networks; and provides paging services in Alberta

AGT DIRECTORY LIMITED

Markets and publishes 19 white and yellow pages directories in Alberta

ALTA-CAN TELECOM INC.

A venture capital company focused on technology related investment, strategic and joint-venture relationships in Alberta and the United States

ALTA TELECOM INTERNATIONAL LTD.

Provides telecommunications consulting services to Canadian and selected international clients

ALTA TELECOM INC.

Engaged in network construction, engineering design and project management services in the United States, and head officed in Atlanta, Georgia

BUILDING MOMENTUM

REORGANIZATION STRENGTHENS COMPETITIVENESS

The formation of TELUS in 1990 placed operations into regulated and non-regulated businesses. In 1991, this competitive positioning went one step further as functions within the TELUS group of companies were consolidated and streamlined to balance a strategic and operational approach to the businesses.

The new organizational structure reflects our view that Canadian prosperity and global competitiveness depends, in part, on strong provincial industries. Alberta has the right combination of natural resources and business entrepreneurship to be a strong regional centre for energy, agriculture and forestry industries. It is TELUS' intention, through its subsidiaries, to enable development of this strong regional industrial base by providing the required telecommunications and information services.

AGT will continue to implement elements of the Stentor alliance in 1992, putting new operational practices in place, signing contracts with customers, consolidating functional areas and developing new national service offerings. Stentor Resource Centre will begin official operations in January 1993, drawing an estimated 2,500 employees from the nine shareholder companies. Stentor Telecom Policy began operation in February 1992 as the federal government relations advisory and advocacy arm for the shareholder companies. Under a revised mandate, Telecom Canada, now known as Stentor Canadian Network Management will continue to manage and monitor Canada's interprovincial networks and its North American interconnections.

Looking ahead, new federal government legislation on telecommunications is under development and includes provisions for lessened regulation. A CRTC decision on the application of Unitel Communications and BC Rail and Lightel Communications to enter the long distance market is expected in mid-1992.

While the CRTC decision will not apply to Alberta, lower revenue settlements can be expected as competition intensifies in other parts of the country. Further, should the CRTC decide in favor of long distance competition, Unitel has indicated it will immediately apply for interconnection in our Alberta market.

It is also expected that the issue of expanded resale competition in Alberta will be addressed by the CRTC in 1992.

HIGH PERFORMANCE COMPUTER SIMULATION PROGRAMS ARE USED BY AGT TO FORECAST TRAFFIC PATTERNS AND TEST COMMUNICATION NETWORK DESIGNS BEFORE NETWORKS ARE BUILT.

Current work is focused on enhancing cellular systems so they can relay data as well as voice, increasing the cost-efficiency of microwave radio communications systems, enhancing simulation methods for network planning, and developing expert systems so computer programs can perform functions such as interpretation, prediction, diagnosis and design.

One such expert system is ACCESS which allowed better utilization of staff in the design of Datapac 3000 circuits in 1991. The system resulted in two benefits – tasks are completed up to 40% faster, and more work can be handled without additional staff.

Network software helped lower annual maintenance costs, along with improving the response time to problems. Staff at the network management and control centre can now monitor, diagnose and in some cases even correct problems remotely, reducing the need for manual repairs at the site of the problem.

In 1992, we will focus on commercializing our tri-cellular system. A unique method for assigning frequency patterns, the tri-cellular system is particularly suited for urban centres. It allows cellular companies to carry more traffic with less equipment and reduces their operating costs.

Another initiative is a marketing field trial of one-number access service, which works much like an electronic receptionist. Trialed jointly with ED TEL, the service enables customers to be reached by callers via a single phone number, forwarding calls to them at home, work, or on their cellular or paging systems. Their calls can also be handled by a voice messaging system. The service is managed and calls are redirected by the customer as needed.

OUR EMPLOYEES VOLUNTEER THOUSANDS OF HOURS TO EXTENSION, A PROGRAM THAT SUPPORTS AGENCIES AND PROJECTS SUCH AS THE CARNIVAL FOR SPECIAL KIDS, INITIATED BY THE TELEPHONE PIONEERS ALBERTA CHAPTER 46.

AGT TRACKS CUSTOMER SATISFACTION

Well-recognized for superior technology and an advanced network, initiatives in 1991 emphasized and improved customer service standards.

Three feedback programs are in place to help gauge AGT's efforts – one targets residential and small business customers, another concentrates on large businesses and the third one seeks business customer feedback on installation and repair work. Overall customer satisfaction is at 90% and feedback indicates that AGT improved on scales of responsiveness and accessibility in 1991.

To improve speed and efficiency, repair work was consolidated into two centres, one in Edmonton and the other in Calgary. This pooled the knowledge and experience of 143 staff into one functional group, helped eliminate duplicate test equipment and cut inventories of replacement parts and components.

In a related step, the business sales force was restructured, assigning representatives to specific industries to improve their familiarity with the business needs of particular sectors.

By mid-1992, AGT will have its Answer Centre in place, providing customers with one point of contact through a 1-800 number. Connecting customers immediately with knowledgeable and informed employees, the centre will improve speed and efficiency in responding to customer enquiries and in resolving complaints.

IN PARTNERSHIP WITH LARGE CUSTOMERS

Offering complete, end-to-end solutions means evolving AGT's range of services to meet specific applications. One example is remote meter reading which is particularly useful to municipalities and utility companies. Made possible by the sophisticated software in AGT's network, the automatic meter reading system is being tested in the City of Calgary, providing valuable insights on pricing, technical standards and potential.

Similarly, AGT's management expertise and network sophistication were the cornerstones of a joint five-year management agreement with Nova Corporation. AGT will supply, install and maintain the backbone of Nova's elaborate private telecommunications network, eventually linking more than 1,000 sites in Alberta.

SERVICES ENHANCED, LONG DISTANCE RATES REDUCED

In 1991, service enhancements addressed needs for higher quality, more innovative products and services and competitive prices. Targeting the business needs of high-volume, long distance users, we offered deeper discounts on services such as *FaxCom* and *Advantage*, while *Teleplus* brought similar benefits to small business customers.

Sales initiatives included enlisting non-sales employees to attract customers. To further bolster marketing efforts, AGT will expand its telemarketing centre in early 1992.

While there were no increases to local rates in 1991, two reductions brought long distance rates down nearly 7%. Since 1988, the cost of an average call between major Alberta centres and Toronto has decreased by 46%.

Anticipated future adjustments will include revised service criteria and rates for *800/WATS* in the first quarter of 1992. Call routing and other management options will be added to *800 Plus* service later in the year. AGT's plan for future long distance rate adjustments will continue to target specific sectors of the market.

INCREASING VALUE OF ADVANCED FEATURES

Bringing more value to local customers at little or no additional cost is the philosophy behind services that let small business and residence customers customize their telecommunications services.

AGT was first in Canada to offer a package of enhanced features including *Call Display* in February 1990. Now available to more than 24% of AGT's customers, further switch modernization will bring these services to over 60% by the end of 1992. The features have been well received by customers and were introduced in Calgary, AGT's largest urban market, in February 1992.

Two further enhancements were introduced in mid-1991. *Ident-A-Call* gives customers two distinctive telephone rings on a single line, each with its own number. The sound of the ring identifies the number being called. Small business customers can combine *Ident-A-Call* with a feature such as *Call Forward*, to take calls at home; the ring distinguishes business calls from their residence calls. *Cancel Call Waiting* was added to enhance the *Call Waiting* feature, allowing subscribers to avoid disruption during long distance calls or during fax or computer transmissions.

EFFICIENCIES FROM MODERNIZATION, TOTAL QUALITY

Network modernization makes it possible to automate services such as directory assistance, calling card, third number billing, and collect calls. These automated services are now available throughout our service area, providing customers with faster, more secure network connections and generating significant cost savings.

The individual line service program (ILS) was completed in June 1991 on time and $37 million under budget. The six-year construction program took 2.3 million hours of work and 36.6 thousand kilometers of cable to bring single line service to 105,000 rural Albertans.

In a related network modernization program, switches continue to be upgraded to digital technology. By year-end, 92% of switches were digital and the program will be virtually complete by 1994.

We are also gaining efficiency from better administrative processes as employees use total quality management principles and techniques throughout AGT. As an example, inventories, including materials and supplies, were reduced 33%, while customer service standards remained constant, or improved.

AGT CELLULAR IS THE LEADING ALBERTA SUPPLIER OF CELLULAR 800 SERVICE, REACHING 81% OF ALBERTA'S POPULATION.

AGT CELLULAR LEADS THE ALBERTA MARKET

AGT Cellular Limited continues to be the leading supplier of cellular 800 service in Alberta. The company provides paging services in the province, and designs, leases and sells private mobile systems throughout Canada.

Cellular communication services are the fastest-growing segment of the telecommunications industry. In 1991, AGT Cellular's subscribers to 800 service increased 71% while paging services grew 14%.

In conjunction with Canada Cellnet partner ED TEL Cellular, AGT Cellular reaches 81% of Alberta's population, offering the most extensive coverage in the province. In February 1992, cellular coverage was expanded to the City of Fort McMurray and the Drayton Valley region. By mid-year, our Cellnet Canada partnership will allow AGT Cellular customers to automatically receive their calls or services anywhere in Canada.

With the majority of the Alberta market now covered by AGT Cellular's network, future growth will come from aggressive marketing to increase the number of customers and from value-added services such as system-wide cellular voice messaging. Introduced to Calgary in 1988, *Message Centre* was expanded to all service areas in 1991. It includes advanced message retrieving and forwarding features, and improves customer access, encouraging cellular customers to use the network as an 'electronic receptionist'.

A key factor in AGT Cellular's growth is the dedicated dealer network comprised of electronics outlets, telecommunications retailers, independent dealers and dedicated Cellular Plus dealers. This group is effective in bringing customers to AGT Cellular's network. In 1991, using total quality management techniques, AGT Cellular forged stronger relationships with its dealers by reducing payment cycle times and speeding response time to their enquiries.

In 1991, a transfer of network facilities from AGT Limited to AGT Cellular was completed, reducing cellular interconnection costs by approximately 27%. Through AGT Limited tariff amendments approved by the CRTC, AGT Cellular gained approval to retain certain revenues from long distance calls carried on its network.

1992 will be a year of continued growth for AGT Cellular. Changes to the company's billing system will allow more flexibility in tailoring services to customer requirements, as well as providing better marketing research information. Changes to the company's organizational structure will further strengthen AGT Cellular's marketing and business development capabilities.

AGT DIRECTORY PRODUCED A COMPLETELY RECYCLABLE PHONE BOOK IN 1991 AND, IN CALGARY ALONE, 41% OF DIRECTORIES WERE COLLECTED IN BINS AT BUSINESS SITES.


AGT Rec
Phone
Only P

AGT DIRECTORY EXPLORES DIRECT MARKETING

AGT Directory Limited provides directory advertising services to approximately 80,000 Alberta businesses helping to connect them with their customers. AGT Directory meets the information needs of individual Albertans by providing *White Pages* listings, classified listings in the *Yellow Pages* and voice information on the *Talking Yellow Pages*.

Directory advertising is the fourth largest and fastest growing segment of the Canadian advertising industry, totalling $1.1 billion in revenues in Canada in 1990. While printed directory advertising has levelled in recent years, demand for electronic information services increased dramatically. Nearly nine million calls were placed to AGT Directory's *Talking Yellow Pages* services in 1991, up 25% from the previous year. A new *Audio Library* service in Calgary is also proving popular with consumers, allowing access to legal and medical information from a *Touch Tone* phone.

Formed in 1991, our alliance with directory publishers in Saskatchewan and Manitoba will generate cost efficiencies in large volume purchases, joint research studies and pooled resources for new business opportunities.

In 1992, AGT Directory will capitalize on its information management and advertising experience by selling new services which target the coupon and direct marketing sectors.

AGT Directory's environmental initiatives included production of a completely recyclable phone book in 1991. Used directories were also collected throughout Alberta for recycling into building materials and egg cartons. In Calgary alone, 41% of directories were recovered in 1991, representing 872,000 kilograms of paper.

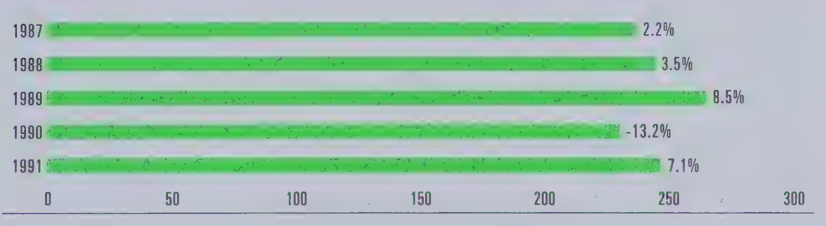
TELUS Corporation was established on October 4, 1990 as a management holding company. The largest subsidiary is AGT Limited (AGT) which provides local and long distance telecommunications service in Alberta and which accounts for over 90% of total revenues. The remaining subsidiaries operate in the cellular and private mobile, directory and other telecommunications related businesses.

The consolidated financial statements cover 1991 and the period October 4, 1990 to December 31, 1990. In the discussion which follows, and in the five year Historical Summary, the 1990 results of TELUS have been combined with the 1990 results of the AGT Commission where practical in order to provide meaningful comparisons.

For 1991 the net income of TELUS was $183.4 million ($1.33 per share) with a return on common equity of 11.8%. The return on common equity for AGT was 13.5%.

Income from continuing operations before financing costs increased 7.1% over 1990. This performance was achieved primarily through the higher revenue made possible by adjustments to the rate stabilization reserve and through cost containment and productivity improvements achieved in 1991.

INCOME FROM CONTINUING OPERATIONS BEFORE FINANCING COSTS



Productivity improvements, cost containment and adjustments to the rate stabilization reserve were the primary causes of the 7.1% increase over 1990.

OPERATING REVENUES

Revenues for 1991 at $1,227.2 million increased 3.2% compared to 1990. Decreased long distance revenue due to reduced long distance rates was essentially offset by increases in message volume, growth in local service and other revenues. The year over year change in total revenues was due to the build up and utilization of the rate stabilization reserve during 1990 and 1991, respectively.

Population growth and general economic conditions are the primary factors which influence business volumes in TELUS. Management's review of external forecasts indicates that during 1991 the GDP of Alberta is estimated to have increased by 1.2% while that of Canada is estimated to have decreased by 1.0%. Population growth for Alberta and Canada were estimated to be 2.0% and 1.5%, respectively, during 1991.

Long distance service revenue of $745.6 million in 1991 decreased 5.4% compared to 1990. This decrease was caused primarily by the reduction in toll rates during 1990 and 1991 as AGT continued to bring prices more closely in line with costs. During 1991, long distance service revenue represented 61% of total revenues, compared to 66% in the previous year. Originated long distance message volume increased 7.0% over 1990 to a level of 391.3 million messages stimulated both by the rate reductions in basic toll service and the growing popularity of the various subscription services such as *Advantage Canada*, *Advantage U.S.*, *Teleplus* and *Between Friends*.

Local service revenue for 1991 at $394.6 million was up 11.0% for the year. This component of revenue represented 32% of total revenues, as compared to 30% in 1990. The primary components of local service revenue are network access revenue, equipment rental and sales, and mobile service revenue. Network access revenue grew by 10.8% to $263.2 million during 1991. This increase was due to a growth in access lines of 2.7% to a level of 1.13 million and the full year effect of access rate increases which took place in July 1990. A further factor contributing to the increase in network access revenue is the continuing sales of new services made possible by AGT's network modernization programs. At the end of 1991, 23.7% of AGT's customers had access to enhanced services such as *Call Display*.

During 1991, the sale and rental of equipment such as telephones, private branch exchanges and data terminals increased by 10.2% to reach $89.4 million.

The revenue of AGT Cellular Limited increased by 14.1% to a level of $42.0 million (net of inter-company revenue) in 1991. It provides cellular 800 service, paging and private mobile systems. The continued rapid growth of cellular 800 service revenue during 1991 was offset by declining revenue from private mobile systems. During 1991, cellular 800 service increased its number of subscribers by 71% while the paging subscribers increased by 14%.

AGT Directory Limited revenue increased by 9.6% in 1991 to a level of $41.3 million (net of inter-company revenue).

Rental and other service revenue of TELUS of $37.3 million represents primarily real estate rental income, amortization of the Individual Line Service (ILS) government grants and revenue of the other subsidiaries. Uncollectibles recorded during the year were $13.7 million.

REGULATION

In August 1989, the Supreme Court of Canada ruled that the AGT Commission was a federal undertaking. However, as a Crown agent it had immunity from Canadian Radio-television and Telecommunications Commission (CRTC) regulation. Following that decision and prior to October 4, 1990 the AGT Commission was regulated by the Ministerial Committee on Telecommunications (MCOT).

Coincident with privatization, AGT and AGT Cellular separately came under the regulatory jurisdiction of the CRTC and on October 4, 1990, the CRTC granted final approval to AGT's existing tariffs, intercorporate operating agreements, and customer contracts. At that time, interim approval was also given for the tariffs and agreements of AGT Cellular.

RATE STABILIZATION RESERVE

In 1990, the MCOT ruled that the undistributed revenue surplus from January 1, 1986 to June 30, 1990 be set aside in a rate stabilization reserve to minimize the impact of future revenue deficiencies on local rates. The reserve was established at $30.0 million and was eventually transferred to AGT on October 4, 1990. During 1991, a total of $22.1 million was transferred from the reserve to revenue. This compares with a total of $12.9 million which was transferred into the reserve during 1990. At the end of 1991, the reserve balance was $7.9 million.

OPERATING EXPENSES

Operating expenses of $961.5 million in 1991 were 1.2% above the level in 1990 reflecting management's continued emphasis on productivity improvements as AGT strives to bring rates more closely in line with costs and minimize the impacts on local rates. Statistics Canada has estimated that inflation in Alberta during 1991, as measured by growth in the CPI, was 5.8% while TELUS salary costs increased less than 1%. TELUS estimates it achieved a 6.0% productivity improvement during 1991.

The major components of operating expenses are depreciation (excluding amounts charged to operations expense), maintenance and operations. During 1991, depreciation was $241.2 million, of which $21.7 million was included as operations expense. Net depreciation expense of $219.5 million represented a 1.9% reduction from $223.8 million in 1990, and included $211.1 million for AGT ($219.8 million for 1990) and $7.7 million for AGT Cellular ($3.6 million for 1990). This reduction was due primarily to a drop in the depreciation rate from 6.64% in 1990 to 6.30% in 1991. The depreciation rate is adjusted annually based on engineering studies and is a function of the level and type of capital expenditures.

Maintenance expense was $190.8 million for 1991, representing a 10.3% reduction from $212.7 million in 1990. This decrease was primarily due to the productivity improvements made possible by AGT's modernized network and general expense constraints in place throughout the year. Maintenance expense for AGT was $185.5 million with the remainder primarily in AGT Cellular.

Operations expense during 1991, net of intercompany charges between operating entities, was $509.9 million, an increase of 7.1% over 1990. This total included $474.7 million for AGT, $31.4 million for AGT Cellular and $34.9 million for AGT Directory with the remainder representing the other operations of TELUS. The amounts reported reflect the fact that these operations were established as separate entities at privatization, and that their expenses include the cost of common services. Two voluntary early retirement programs caused the majority of an $18.3 million increase in employee benefits. Consulting and systems software expense increased by $7.9 million with the bulk of this increase relating to new billing system development. The remaining expense increases generally reflected the impact of inflation.

Property and business taxes at $41.3 million increased 9.3% over 1990, reflecting increased tax rates in the various jurisdictions in which TELUS operates.

INTEREST EXPENSE AND OTHER, NET

Interest expense, net of $63.8 million was comprised of interest on long-term debt of $123.7 million, less sinking fund income of $44.8 million and allowance for funds used during construction of $12.0 million. Also included is other interest income or expense. The average rate of interest on long-term debt during 1991 was 9.7%. Other, net represents certain specific transactions occurring during the course of business. Significant among these were write downs of certain AGT Cellular assets, and a loss related to an investment in a United States bypass network totalling $10.9 million. Since the capitalization of TELUS is significantly different than that of the AGT Commission, no meaningful comparison to prior year results is possible.

INCOME TAXES

On October 4, 1990 the tax basis of TELUS assets was established at an amount that exceeded the recorded carrying values. The benefits relating to the excess of the tax basis over the recorded carrying values will be realized as additional tax deductions over a period of years. In 1991, substantially all of the tax recorded represented a provision for the federal large corporation tax.

CAPITAL EXPENDITURES

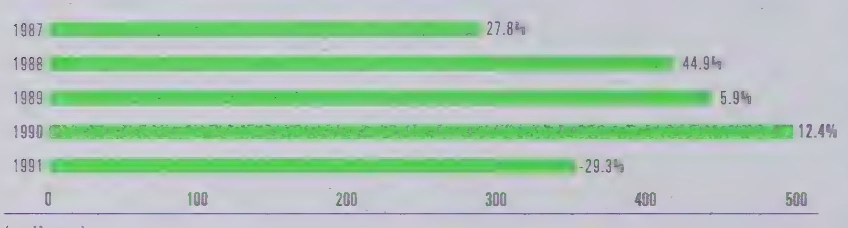
During 1991 capital expenditures declined 29.3% to $352.6 million. This decline represented the constraints placed on capital expenditures due to the economic outlook and the winding down of some significant modernization programs.

The ILS program was completed in 1991 resulting in the conversion of all multi-party lines in Alberta to individual lines. Expenditures on this program amounted to $8.8 million in 1991 compared to a total of $89.4 million in 1990. Over the five years during which this program was in effect more than 105,000 lines were converted at a total cost of $319.3 million.

The switch modernization program continued in 1991 with expenditures of $99.8 million. This compared with expenditures of $121.2 million in 1990, reflecting the completion of certain elements of the program. At the end of 1991, 92% of all access lines in the network were digital. Completion of this program is scheduled in 1994.

AGT also incurred $222.6 million for enhancements to the network and to accommodate growth caused by customer demand. During 1991, AGT Cellular had expenditures of $20.5 million reflecting a 27.7% increase over 1990.

CAPITAL EXPENDITURES



The decrease in 1991 represented the constraints placed on capital expenditures due to the economic outlook and the winding down of some significant modernization programs.

LIQUIDITY AND CAPITAL RESOURCES

The reorganization and privatization of the AGT Commission, implemented on October 4, 1990, resulted in the transfer of $2,931.8 million of net assets to TELUS. This acquisition was financed by the issue of 134.4 million common shares to the Crown, with a book value of $1,430.9 million; the issue of $1,311.1 million in long-term notes payable to the AGT Commission; and the issue of $189.8 million in short-term notes to the AGT Commission. On the same date $38.5 million in common shares were issued to employees. Total common share issuance expenses of $6.2 million were recorded.

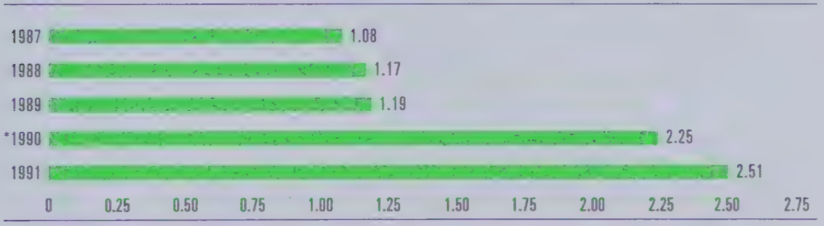
Other financing activities for the period October 4 to December 31, 1990 included the net release of $23.2 million in sinking funds and the repayment of $189.8 million in short-term notes to the AGT Commission. The overall net cash requirement of $143.6 million was financed by an increase in bank indebtedness.

During 1991, cash flow from the 1990 sale of NovAtel Communications Ltd. (NovAtel), together with funds from continuing operations and proceeds from sinking fund releases exceeded requirements for funds. As a result, cash and cash equivalents in the form of short-term financial assets stood at $89.2 million at December 31, 1991.

Funds from operations totalling $598.9 million in 1991 were comprised of $396.2 million in funds from continuing operations and $202.7 million in loan repayments and proceeds from the sale of NovAtel. These proceeds were used to repay all bank indebtedness, with the balance invested in short-term financial assets. Dividend payments totalling $121.1 million were made to shareholders.

Funds used for investing activities in 1991 were $279.6 million. TELUS' primary investing activity pertained to $316.3 million of capital expenditures (net of $36.4 million of non-cash items) needed to meet the demand for telecommunications services throughout Alberta. Funds were generated from $24.1 million in decreased materials and supplies and $16.7 million in decreased net investment in leases and other assets, particularly the repayment of loans under the employee share purchase plan. Additional amounts totalling $4.1 million were invested by a subsidiary.

INTEREST COVERAGE RATIO



*Represents TELUS results for the period October 4 to December 31.

The capital restructuring of TELUS in 1990 significantly reduced our interest expense through 1991, thereby increasing income available for other operating requirements.

During the same year, $40.4 million was realized from financing activities. Debt repayments of $88.1 million included redemption of $87.4 million in four series of long-term notes through the release of $132.7 million from the sinking fund. Other note obligations required $5.3 million in annual sinking fund contributions. A further net amount of $1.1 million was obtained principally from a capital lease obligation.

To meet temporary cash needs, AGT initiated a commercial paper program commencing on July 15, 1991. This program has an approved maximum limit of $100 million and is supported by equivalent amounts of bank credit facilities. During July and August 1991, the maximum amount outstanding under the commercial paper program was approximately $27 million.

As of December 31, 1991, neither TELUS nor AGT had any bank indebtedness, nor did any debt previously incurred under the commercial paper program remain outstanding. Bank credit facilities for TELUS and AGT include $125 million and $225 million respectively, in revolving credit from two lending institutions.

Year-end ratios of total debt (net of sinking fund assets) to total capital were 42.6% and 38.0% for 1990 and 1991, respectively. For 1991 the ratio of cash provided by operating activities after payment of dividends divided by capital expenditures (net of non-cash items) was 151.1% (74.6% for the period October 4 to December 31, 1990) and the annualized ratio of cash provided by operating activities divided by long-term debt (net of sinking fund assets) at December 31, 1991 was 62.6% (28.9% for the period October 4 to December 31, 1990).

CREDIT RATINGS

To ensure ongoing access to debt markets at reasonable costs, AGT applied for and received credit ratings from the Dominion Bond Rating Service (DBRS) and the Canadian Bond Rating Service (CBRS) in 1991. The initial set of credit ratings from DBRS included an AA rating for senior debentures and an R-1 (middle) rating for its commercial paper. CBRS rated AGT's debentures at A+(Low) and its short-term debt at A-1+.

OUTLOOK

In addition to operating its existing business and continuing with its current initiatives, TELUS expects to seek new telecommunications growth opportunities and to adapt to a new regulatory regime.

Based on known factors, it is expected that AGT will remain the major contributor to the net income of TELUS in 1992. TELUS has forecast growth in 1992 of 3.3% in network access lines. Originated long distance message volumes are expected to grow 5.3%. Further reductions in long distance rates will be targeted in specific market niches.

During 1992, TELUS anticipates that it will spend approximately $375 million on capital expenditures, the majority of which will be funded by cash flow from operations. TELUS expects to meet its consolidated financing requirements primarily through cash provided by operations and sinking fund releases.

External funds, if required, are expected to be obtained through some combination of bank credit and the offering of debt securities to the public.

On February 10, 1992, AGT appeared at a public hearing before the CRTC to determine AGT's 1992 revenue requirement and seek approval for its rates. The evidence filed at the hearing requested a rate of return on average common equity in the range of 12.25% to 13.75% and general rate increases based on a midpoint of 13.0% to take effect in October 1992. The CRTC is expected to render a decision in May 1992. The CRTC advised AGT that it will review tax related matters later this year.

On February 19, 1992, the CRTC issued a decision finding that AGT Directory's revenues and expenses should be included in determining AGT's revenue requirement. AGT subsequently asked the CRTC to reconsider its decision. AGT expects a final judicial determination in late 1992. The financial impact of including AGT Directory's financial results is not considered to be material to AGT's 1992 revenue requirement.

By the second quarter of 1992 the CRTC is expected to have issued a decision on whether alternative suppliers of public long distance service are to be permitted to interconnect with existing telephone company networks. Although AGT is not a respondent to this application, a decision to allow alternative long distance suppliers will affect AGT's revenue sharing arrangements. In addition, such approval will likely result in a submission to the CRTC in the latter half of 1992 to include AGT's territory. As TELUS currently generates over 60% of its total revenues from long distance services, such a decision would impact that revenue, the extent of which cannot be determined at this time.

AGT is currently exempt from the relaxed resale and sharing regulations approved by the CRTC in 1990. However, a reseller filed an application with the CRTC early in 1992 to remove AGT's exemption. In response to this filing, AGT will be asking the CRTC to hold a public hearing to consider whether resale and sharing regulations should be relaxed in Alberta and, if so, upon what terms and conditions. The impact of this application is difficult to adequately assess at this time.

AGT participates in an alliance with eight other major Canadian telephone companies through two new jointly held companies – Stentor Resource Centre Inc. and Stentor Telecom Policy Inc. The former, set to begin operations January 1993, will consolidate the shareholder companies' marketing and engineering development activities. The latter acts as a government relations advisory and advocacy arm for the shareholder companies.

A third entity, Stentor Canadian Network Management, formerly Telecom Canada, will continue under its revised mandate to manage and monitor the telephone companies' inter-provincial networks and their North American interconnections. Members of Stentor Canadian Network Management will be negotiating a new revenue settlement arrangement in 1992. The planned implementation would begin in January 1993, with a transition period expected to be agreed upon to smooth the financial impact in member companies. As the details of the new revenue settlements arrangement have not been finalized, TELUS cannot estimate the impact at this time.

A public process requesting expressions of interest in public cordless telephone licenses was initiated in October 1991 by the Department of Communications (DOC). The licensing process is the first step leading to development of personal communications service. Although the DOC has not announced details of the process, licenses are expected to be awarded in 1992. TELUS filed an expression of interest with the DOC on December 1, 1991 and is now awaiting a request for applications.

Technological changes have made possible the convergence of services provided separately by the telecommunications and cable television industries. This potential has forced these industries and policy makers to consider communications regulation and policy direction within Canada. The Local Network Convergence Committee, established by the DOC, plans to make its recommendations to the Minister of Communications in the first half of 1992. AGT is participating in this process.

The Canadian Unity package, recently published by the Minister responsible for Constitutional Affairs, could have an impact on the telecommunications industry. If the proposals result in a federal-provincial regulatory structure, TELUS would consider this detrimental to the development of a healthy communications industry. In order to express this concern, AGT has appeared before the Standing Committee on Culture and Communications, and will continue to monitor the development of these constitutional issues throughout the year.

In 1991, the federal government announced its plan to sell its remaining shares of Telesat Canada. AGT and the eight other members of Telecom Canada, Quebec Telephone and Spar Aerospace Limited formed Alouette Telecommunications Inc. (Alouette) with the intent to purchase the remaining 53% currently held by the federal government. The successful bidder is scheduled to be chosen by March 31, 1992. The intent of Alouette is to provide seamless domestic telecommunications offerings.

SEGMENTED INFORMATION

While all TELUS activities fall within the telecommunications industry segment the following information is presented to illustrate the relative proportions of the major subsidiary of TELUS and the other subsidiaries.

	AGT Limited		Others & Eliminations		Telus Consolidated	
	(Thousands except Earnings per Share)					
	1991	1990*	1991	1990*	1991	1990*
INCOME STATEMENT DATA						
Operating Revenues	$1,172,378	$ 285,010	$ 54,837	$ 9,318	$1,227,215	$ 294,328
Operating Expenses	912,403	215,625	49,110	10,491	961,513	226,116
Income (Loss) from Operations	259,975	69,385	5,727	(1,173)	265,702	68,212
Interest Expense and Other	66,435	20,863	8,350	4,204	74,785	25,067
Income Taxes	5,706	1,553	1,832	886	7,538	2,439
Income Related to Former Investment	–	–	–	31,012	–	31,012
Net Income	$ 187,834	$ 46,969	($ 4,455)	$ 24,749	$ 183,379	$ 71,718
Earnings per Share:						
Continuing Operations	–	–	–	–	$ 1.33	$ 0.30
Net Income	–	–	–	–	$ 1.33	$ 0.52

* For the period from October 4 - December 31, 1990

	1991	1990	1991	1990	1991	1990
BALANCE SHEET DATA (As at December 31)						
Current Assets	$ 283,528	$ 255,136	$ 74,984	$ 74,541	$ 358,512	$ 329,677
Proceeds from Sale of Former Investment	–	–	–	159,400	–	159,400
Telecommunications Property	2,585,041	2,530,849	53,452	46,555	2,638,493	2,577,404
Other Assets	26,558	29,455	10,377	26,068	36,935	55,523
Total Assets	$2,895,127	$2,815,440	$138,813	$306,564	$3,033,940	$3,122,004
Liabilities: Current	$ 331,394	$ 445,806	($ 2,231)	$ 19,498	$ 329,163	$ 465,304
Deferred	178,240	186,143	3,741	2,890	181,981	189,033
Long-Term	956,600	962,471	906	624	957,506	963,095
Shareholders' Equity	1,428,893	1,221,020	136,397	283,552	1,565,290	1,504,572
Total Liabilities & Shareholders' Equity	$2,895,127	$2,815,440	$138,813	$306,564	$3,033,940	$3,122,004

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements and information in the Annual Report are the responsibility of management and have been approved by the Board of Directors. The financial statements have been prepared in conformity with Canadian generally accepted accounting principles and of necessity include some amounts that are based on estimates and judgements. Financial information presented in the Annual Report that relates to the operations and financial position of TELUS Corporation, is consistent with that in the consolidated financial statements. Additional financial information presented in the Annual Report that relates to the combined results of the AGT Commission and TELUS for the 1990 year, is presented on a basis which is consistent with that used in the preparation of the TELUS consolidated financial statements. This information has been prepared by management to provide readers with continuity of information for the ongoing operations of TELUS with that of the AGT Commission.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and an internal audit program. This system is designed to provide management with reasonable assurance that transactions are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Company has also established a Code of Business Ethics and corporate directives which require communication of the Code to employees.

The Board of Directors carries out its responsibility for the financial statements through its Audit Committee, which consists entirely of members of the TELUS Board. This Committee meets periodically with management and the auditors to discuss and review audit and financial matters, and recommends the financial statements to the TELUS Board for approval. The Company's external auditors have full and free access to the Audit Committee.

Deloitte & Touche, the Company's external auditors, provide an independent audit of the consolidated financial statements. Their examination is conducted in accordance with generally accepted auditing standards and includes tests and other procedures which allow the auditors to report on the fairness of the consolidated financial statements prepared by management.

Edmonton, Alberta
February 20, 1992

H.M. Neldner
President and Chief Executive Officer

F.J. Parrotta
Executive Vice President Finance

AUDITORS' REPORT

To the Shareholders of
TELUS Corporation

We have audited the consolidated balance sheet of TELUS Corporation as at December 31, 1991 and 1990 and the consolidated statements of income, retained earnings and changes in financial position for the year ended December 31, 1991 and the period from October 4 to December 31, 1990. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1991 and 1990 and results of its operations and the changes in its financial position for the year ended December 31, 1991 and the period from October 4 to December 31, 1990 in accordance with generally accepted accounting principles.

Deloitte & Touche

Chartered Accountants
Edmonton, Alberta

February 20, 1992

CONSOLIDATED STATEMENT OF INCOME

(thousands of dollars except per share amounts)

	Year Ended December 31, 1991	Period From October 4 to December 31, 1990 (Note 2)
Operating Revenues		
Long distance service	$ 745,640	$ 190,246
Local service	394,581	90,050
Directory, rental and other service	78,626	17,400
Drawdown of rate stabilization reserve	22,066	–
Uncollectible operating revenues	(13,698)	(3,368)
	1,227,215	294,328
Operating Expenses	961,513	226,116
Income from Operations	265,702	68,212
Interest expense, net (Note 4)	63,756	21,314
Other, net (Note 12)	11,029	3,753
	74,785	25,067
Income before Income Taxes	190,917	43,145
Income taxes (Note 5)	7,538	2,439
Income from Continuing Operations	183,379	40,706
Income related to former investment	–	31,012
Net Income	$ 183,379	$ 71,718
Earnings per Common Share		
Income from Continuing Operations	$ 1.33	$ .30
Net Income	$ 1.33	$ .52

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

(thousands of dollars)

	Year Ended December 31, 1991	Period From October 4 to December 31, 1990 (Note 2)
Retained Earnings, Beginning of Period	$ 41,440	$ –
Net income	183,379	71,718
Dividends on common shares	(122,669)	(30,278)
Retained Earnings, End of Period	$ 102,150	$ 41,440

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

(thousands of dollars)

	Year Ended December 31, 1991	Period From October 4 to December 31, 1990 (Note 2)
OPERATING ACTIVITIES		
Income from continuing operations	$ 183,379	$ 40,706
Items not affecting cash		
Depreciation	241,231	61,145
Allowance for funds used during construction	(11,951)	(4,362)
Drawdown of rate stabilization reserve	(22,066)	–
Loss provision under letter of credit	8,000	–
Other	(429)	3,364
Sinking fund earnings	(44,784)	(8,899)
Net change in non-cash working capital components relating to continuing operations	42,866	11,460
Other non-current items	–	5,570
	396,246	108,984
Income related to former investment	–	31,012
Items not affecting cash		
Equity income in former investment	–	(11,000)
Gain on sale of former investment	–	(20,012)
	–	–
Net change in non-cash working capital components relating to former investment	202,700	(39,300)
Cash Provided by Operating Activities	598,946	69,684
Dividends	(121,111)	–
FINANCING ACTIVITIES		
Proceeds from long-term debt issues	1,062	1,311,152
Repayment of long-term debt	(88,076)	–
Sinking fund withdrawals, net	127,449	23,234
Issue of common shares, net	8	1,463,132
Issue of notes payable	–	189,793
Repayment of notes payable	–	(189,793)
Cash Provided by Financing Activities	40,443	2,797,518
INVESTING ACTIVITIES		
Acquisition of net assets under the reorganization	–	(2,931,832)
Capital expenditures	(352,633)	(99,776)
Items not affecting cash	36,382	6,427
Decrease in materials and supplies	24,056	25,132
(Increase) decrease in net investment in leases and other	16,698	(10,778)
Increase in investments	(4,147)	–
Cash Used by Investing Activities	(279,644)	(3,010,827)
Increase (Decrease) in Cash	238,634	(143,625)
Cash, Beginning of Period	(149,432)	(5,807)
Cash, End of Period	$ 89,202	$ (149,432)

For the purpose of this statement, cash is defined as “Cash and short-term deposits” less “Bank indebtedness”.

CONSOLIDATED BALANCE SHEET

(thousands of dollars)	As at December 31	
	1991	1990
ASSETS		
Current		
Cash and short-term deposits	$ 89,202	$ 5,418
Accounts receivable	221,551	232,693
Inventories for resale	21,122	23,403
Prepaid expenses	26,637	24,863
Sale proceeds receivable	–	159,400
Notes receivable	–	43,300
	358,512	489,077
Telecommunications Property		
Buildings and equipment	3,847,500	3,792,919
Less: Accumulated depreciation	1,392,560	1,469,021
	2,454,940	2,323,898
Land	54,269	53,967
Plant under construction	96,882	143,081
Materials and supplies	32,402	56,458
	2,638,493	2,577,404
Other Assets		
Deferred charges	7,819	8,650
Investments (Note 6)	12,883	13,942
Net investment in leases and other (Note 7)	16,233	32,931
	36,935	55,523
	$3,033,940	$3,122,004
LIABILITIES		
Current		
Bank indebtedness	$ –	$ 154,850
Accounts payable and accrued liabilities	243,755	209,082
Dividends payable	31,836	30,278
Service billed in advance	45,638	41,094
Rate stabilization reserve	7,934	30,000
	329,163	465,304
Deferred Revenue	181,981	189,033
Long-term		
Long-term debt (Note 8)	1,157,860	1,223,699
Less: Sinking fund assets (Note 9)	200,354	260,604
	957,506	963,095
SHAREHOLDERS' EQUITY		
Share Capital (Note 10)	1,463,140	1,463,132
Retained Earnings	102,150	41,440
	1,565,290	1,504,572
	$3,033,940	$3,122,004

On Behalf of the Board:

Neil Webber — Director

Harry G Schaefer — Director

December 31, 1991

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada and in conformity with prevailing practices in the Canadian telecommunications industry. These statements conform in all material respects with International Accounting Standards.

The term "Company" is used to mean TELUS Corporation and, where the context of the narrative permits or requires, its subsidiaries.

A. BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of regulated subsidiaries, AGT Limited and AGT Cellular Limited and non-regulated subsidiaries, AGT Directory Limited, 423337 Alberta Ltd., Alta Telecom International Ltd., Alta Telecom, Inc., Alta-Can Telecom Inc. and 288922 Alberta Ltd.

All significant intercompany transactions have been eliminated.

B. REGULATION

AGT Limited and AGT Cellular Limited are regulated under the Railway Act by the Canadian Radio-television and Telecommunications Commission (the CRTC). In its role as regulator of AGT Limited, the CRTC sets the allowed rate of return, and approves tariffs, interconnection and working agreements with other carriers, and major intercorporate transactions. It also periodically issues directives which affect the accounting treatment of specific items in the company's accounts and annually reviews the construction program. For AGT Cellular Limited, the CRTC only requires approval of tariffs, interconnection and working arrangements with other carriers, and major intercorporate transactions.

C. TELECOMMUNICATIONS PROPERTY

Telecommunications property is recorded at original cost and includes materials, direct labour, certain overhead costs associated with construction activity and an allowance for funds utilized during construction. Certain costs of software that relate to the operation of telecommunications switches which have an estimated useful life of greater than one year, are also capitalized to telecommunications property. In 1991, following the recommendation of the Canadian Institute of Chartered Accountants, the Company prospectively capitalized certain general and administrative software costs with an estimated useful life of greater than one year.

Materials and supplies are valued at average cost.

D. DEPRECIATION

Depreciation is provided on a straight-line basis using rates determined by a continuing program of engineering studies, calculated to allocate to operations the cost of groups of property with equal service lives over the estimated useful lives of the groups.

The composite depreciation rate for the year ended December 31, 1991 was 6.30% compared to 6.42% for the period from October 4 to December 31, 1990.

When depreciable telecommunications property is retired, the original cost of such property, adjusted by any disposal proceeds and costs of removal, is charged to accumulated depreciation. Gains or losses on disposal of depreciable telecommunications property are allocated to operations over the remaining estimated useful lives of appropriate property groups.

When depreciable telecommunications property subject to resale in the ordinary course of business is sold, the original cost of such property less accumulated depreciation is netted against the sale proceeds and the difference is credited to operating revenue.

E. INVENTORIES FOR RESALE

Inventories for resale are valued at the lower of cost or net realizable value. Cost is determined by an average cost method. Certain systems under design or installation in accordance with customer contracts include material and related engineering and installation costs incurred and remain in inventory until placed into service.

F. INVESTMENT IN LEASES

Unearned finance income related to sales-type leases is recognized over the lease term to produce a constant rate of return on the investment in the lease.

G. AMORTIZATION

Discounts on long-term monetary liabilities and other deferred charges are amortized on a straight-line basis over the remaining lives of the related assets and liabilities.

Where interest coupons and residuals are held as separate investments in sinking funds, discounts are amortized over the period to maturity or call date so as to produce a constant rate of return on the investments.

H. DEFERRED REVENUE

Deferred revenue relates primarily to contributions from the Government of Alberta under the Individual Line Service program. Deferred revenue is recognized as income on a straight-line basis over twenty years which is the estimated useful life of the related assets. The amount to be recognized as income within one year is included with service billed in advance.

The amount to be recognized as income in 1992 will be $9,746,000 (1991 - $9,746,000).

I. TRANSLATION OF FOREIGN CURRENCIES

Monetary assets and liabilities in foreign currencies are translated into Canadian dollars using the temporal method. Under this method, all monetary assets and liabilities are translated at the rate of exchange in effect at the balance sheet date. Other assets and liabilities and items affecting earnings are converted at the rate of exchange in effect at the date of the transaction.

Unrealized net exchange gains or losses are deferred and amortized over the remaining lives of the assets and liabilities.

J. INCOME TAXES

The Company follows the deferral method of income tax allocation by providing deferred income taxes on all timing differences between accounting income and taxable income.

2. COMPARATIVE FINANCIAL STATEMENTS

The Company was reorganized and privatized on October 4, 1990. As a result, the comparative figures in these financial statements are for the period from October 4, 1990 to December 31, 1990 only.

Certain comparative financial information has been reclassified to conform with the 1991 presentation.

3. PENSION FUND

The Company maintains a contributory defined benefit final pay pension plan that covers substantially all employees. It provides pensions based on length of service and final average earnings.

An actuarial report prepared for 1991 estimated the present value of the accrued pension benefits and the net assets available to provide for these benefits, as of December 31. The actuarial estimates are as follows:

	As at December 31, 1991	1990
	(thousands of dollars)	
Accrued pension benefits	$ 1,084,365	$ 961,111
Pension fund assets (at market-related values)	$ 1,160,989	$1,055,111

The pension plan has certain terms and conditions which limit its ability to utilize surplus in the plan to reduce future contributions. As a result, pension expense is not impacted by the excess of pension fund assets. Pension expense recorded for the year ended December 31, 1991 totalled $29,328,000 (period from October 4 to December 31, 1990 - $7,304,000).

4. INTEREST EXPENSE, NET

	Year Ended December 31, 1991	Period From October 4 to December 31, 1990 (Note 2)
	(thousands of dollars)	
Interest - On long-term debt	$123,741	$ 30,357
- Other	2,530	4,218
	126,271	34,575
Less: Sinking fund income	44,784	8,899
Allowance for funds used during construction	11,951	4,362
Interest income	5,780	–
	$ 63,756	$ 21,314

5. INCOME TAXES

As a result of its 1990 reorganization and privatization, the tax basis of the Company's assets was established at an amount which exceeded the recorded carrying values. The future benefit relating to the excess of the tax basis over the recorded carrying values has not been recorded in these consolidated financial statements but will be realized as additional tax deductions over a period of years. The CRTC, as part of its regulatory function, is expected to rule on the disposition of benefits realized (Note 13).

The provision for income taxes is analyzed in the following table to show the difference between the taxes that would be payable by applying statutory tax rates to pre-tax income and the taxes actually provided in the accounts.

	Year Ended December 31, 1991		Period From October 4 to December 31, 1990 (Note 2)	
	(thousands of dollars)	(%)	(thousands of dollars)	(%)
Income before income taxes	$190,917		$ 43,145	
Statutory income tax	84,347	44.18	18,915	43.84
Large Corporations Tax	5,969	3.13	1,649	3.82
Adjusted for the effect of:				
Allowance for funds used during construction	(3,416)	(1.79)	(1,169)	(2.71)
Other	3,653	1.91	518	1.20
Non-taxable portion of sinking fund income	(2,285)	(1.20)	–	–
Realization of additional tax deductions	(80,730)	(42.28)	(17,474)	(40.50)
Income taxes	$ 7,538	3.95	$ 2,439	5.65

6. INVESTMENTS

	As at December 31, 1991	1990
	(thousands of dollars)	
Venture Capital and Other Investments, at cost	$ 12,883	$ 8,980
Other Investment, at equity (Note 12)	–	4,962
	$ 12,883	$ 13,942

The Company has a 36% interest (on a fully converted basis), in the other investment.

7. NET INVESTMENT IN LEASES AND OTHER

The net investment in leases and other includes amounts due from the sale of assets to customers under a lease purchase plan and amounts due from employees under a share purchase plan. Principal due within one year has been reclassified to accounts receivable.

	As at December 31, 1991	1990
	(thousands of dollars)	
Minimum lease payments receivable	$ 33,319	$ 36,093
Amounts due under employee share purchase plan (Note 10)	11,650	33,404
	44,969	69,497
Unearned finance income	(4,366)	(5,579)
	40,603	63,918
Less: Current portion	24,370	30,987
	$ 16,233	$ 32,931

8. LONG-TERM DEBT

	As at December 31, 1991	1990
	(thousands of dollars)	
U.S. dollar denominated notes payable		
6.30% due December 1991	$ –	$ 12,760
6.55% due October 1992	40,439	40,600
7.675% due August 1993 (Note 15)	34,662	34,800
8.30% due June 1994 (Note 15)	34,662	34,800
8.175% due September 1996 (Note 15)	28,885	29,000
	138,648	151,960
Canadian dollar denominated notes payable		
7.05% due March 1991	–	25,000
6.30% due August 1991	–	25,000
7.80% due December 1991	–	25,000
6.30% due April 1992	25,000	25,000
10.55% due June 1994	100,000	100,000
10.05% due March 1996	150,000	150,000
9.30% due January 1997	200,000	200,000
9.80% due July 1997	200,000	200,000
9.90% due July 1998	200,000	200,000
12.00% due November 1999	50,000	50,000
11.80% due May 2003	150,000	150,000
	1,075,000	1,150,000
	1,213,648	1,301,960
Other long-term debt		
11.50% mortgage payable due 1995	2,636	2,712
8.25% mortgage payable due 1999	6,859	7,407
12.80% capital lease payable due 1995	1,062	–
	10,557	10,119
	1,224,205	1,312,079
Less: Portion due within one year (See (e) below)	66,345	88,380
	$ 1,157,860	$ 1,223,699

a. The outstanding U.S. dollar denominated notes and the 6.30% (due April 1992), 12.00% (due November 1999) and 11.80% (due May 2003) Canadian dollar denominated notes are secured by the sinking fund assets of the Company. The other notes are unsecured.

b. In accordance with note terms, those notes identified in (a) above require annual sinking fund contributions of 1.00% to 2.00% of the principal amounts outstanding. Contributions are required during periods varying up to 11 years before maturity.

c. The outstanding U.S. dollar denominated notes and the 11.80% (due May 2003) Canadian dollar denominated notes have early redemption provisions at the Company's option during periods prior to maturity varying from up to 3 years for Canadian dollar series and up to 5 years for United States issues.

d. Anticipated requirements to meet long-term debt repayments and sinking fund provisions during the next five years from December 31, 1991 are as follows:

	Requirement for Long-term Debt Repayments and Sinking Fund Provisions (thousands of dollars)	Requirement Met by Sinking Fund Assets (thousands of dollars)
1992	$ 70,915	$ 66,345
1993	39,499	34,662
1994	138,870	34,662
1995	4,103	–
1996	182,270	28,885

e. The current portion of long-term debt has been offset completely by the amount of sinking fund assets allocated to it.

9. SINKING FUND ASSETS

Sinking fund assets relate to the Company's notes payable and consist of the following:

	As at December 31, 1991	1990
	(thousands of dollars)	
Investments		
Debentures, at amortized cost:		
Government of Canada, direct and guaranteed	$ 111,327	$ 186,011
Provincial, direct and guaranteed	35,957	64,468
Investment in Alberta Government Telephones Commission debentures, at amortized cost	76,317	82,613
	223,601	333,092
Cash	59	74
Short-term deposits	40,473	12,326
Accrued interest	2,566	3,492
	266,699	348,984
Less: Amount allocated to current portion of long-term debt (Note 8(e))	66,345	88,380
	$ 200,354	$ 260,604

The investments in the sinking fund have an approximate market value of $261,000,000 as at December 31, 1991 (1990 - $348,000,000).

10. SHARE CAPITAL

Authorized Share Capital:

Unlimited number of First Preferred Shares, issuable in series
Unlimited number of Second Preferred Shares, issuable in series
1 Special Share
Unlimited number of Common Shares

Issued Share Capital:

	As at December 31,			
	1991		1990	
	Number of Shares	Amount (thousands of dollars)	Number of Shares	Amount (thousands of dollars)
Special Share	1	$ –	1	$ –
Common Shares				
Beginning of Period	137,625,649	1,463,132	200	–
Issued under the employee share purchase plan	790,403	8	3,204,170	38,450
Issued in exchange for Alberta Government Telephones Commission net assets	–	–	134,421,279	1,430,887
Common share issue expenses	–	–	–	(6,205)
End of Period	138,416,052	1,463,140	137,625,649	1,463,132
		$ 1,463,140		$ 1,463,132

PREFERRED SHARES

The holders of First and Second Preferred Shares of each series shall not be entitled to attend shareholders meetings or to vote at such meetings unless the Company from time to time shall fail to pay, in the aggregate, eight quarterly dividends on any series of the First or Second Preferred Shares on the dates on which they should be paid.

SPECIAL SHARE

The Special Share may only be issued to and held by the Government of Alberta. The Special Share does not entitle the holder to receive dividends declared by the Company.

The holder of the Special Share is entitled to a special class vote which will allow such holder the right to vote against ("special vote") a proposal to effect one of the fundamental changes described in the 1990 Alberta Government Telephones Reorganization Act. Fundamental changes by the Company would include, changing its name, issuing or allotting voting shares of AGT Limited to any person other than the Company, selling or otherwise disposing of any voting shares of AGT Limited, selling, leasing or exchanging substantially all of its property, ceasing to carry on business, and amalgamating with any other corporation (subject to certain exceptions in the case of amalgamation with wholly-owned subsidiaries). The effect of the special vote, if it is cast against a proposal to effect one of the specified fundamental changes, shall be to preclude the Company from carrying out the proposal regardless of whether the directors or shareholders of the Company have voted in favor of such a proposal.

The Special Share shall be redeemed by the Company at a redemption price of $1.00 on July 27, 1995. The Special Share is redeemable prior to this date at the option of the holder.

COMMON SHARES

No one person as beneficial owner nor any group of associated persons as beneficial owners shall hold voting shares which exceed 5% of the total number of issued and outstanding voting shares. The number of voting shares held by non-residents of Canada as beneficial owners shall not exceed, in the aggregate, 10% of the total number of issued and outstanding voting shares.

Concurrent with the October 4, 1990 public offering, the Company made a special offer to eligible employees ("the Matching Offer"). Under the Matching Offer, eligible employees who purchased up to $5,000 worth of common shares from the treasury of the Company at the public offering price ("the Matching Shares") received the right to acquire at $0.01 per share one additional common share ("the Matched Shares") for each two shares so purchased. Provided certain conditions were met, one-half of the Matched Shares could be acquired following the expiry of 12 months from the date of purchase and up to the other one-half of the Matched Shares could be acquired following the expiry of 24 months from the date of purchase. At December 31, 1991 864,597

common shares as Matched Shares are still reserved for issuance to eligible employees who have committed to purchase such shares.

To assist eligible employees to purchase Matching Shares pursuant to the Matching Offer, the Company provided non-interest bearing loans to all interested employees, repayable by payroll deduction over a maximum 24 month period. The loan balance outstanding as at December 31, 1991 amounted to $11,650,000 which is all due within one year (1990 - $33,404,484 was outstanding, of which $18,644,363 was due within one year).

The Company has adopted an executive stock option plan under which officers and key employees received common share purchase options at a price not less than the fair market value of the shares at the date of granting. Options to acquire 106,800 common shares at $13.25 per share were granted on December 18, 1990. Options to acquire 177,840 common shares at $15.00 per share were granted on December 10, 1991. These options are exercisable up to 33 1/3% per year from the first anniversary date following the date of granting, on a cumulative basis. Options not exercised expire on the seventh anniversary of the date of granting.

11. RELATED PARTY TRANSACTIONS

During 1991, the Company recorded operating revenues from transactions with the Government of Alberta, then a major shareholder, which were at normal commercial terms.

12. CONTINGENT LIABILITY

The Company has agreed to provide indemnification to a Canadian bank of up to $14,175,000 (U.S.), if funds are paid out under an irrevocable letter of credit. The indemnity agreement expires in September 1996, and supports a subsidiary's activity with an equity investee. Future losses could be incurred to the extent of any draws on the indemnification, less the value of any interest in the investee which the subsidiary has acquired.

In 1991, the Company reduced the carrying value of its investment to zero (Note 6) and recorded an $8,000,000 loss provision in respect of the letter of credit. This amount, which has been included in other, net on the consolidated statement of income, represents the Company's estimate of the loss it could incur.

13. REGULATORY STATUS

In February 1992 the CRTC is scheduled to hold a public hearing to review AGT Limited's 1992 revenue requirement and to determine just and reasonable rates. A decision is expected from the CRTC by May 1992. The CRTC gave interim approval to all of AGT Limited's existing rates effective February 1, 1992.

The CRTC intends to deal with issues related to AGT Limited's income tax position in a separate proceeding, later in 1992.

14. SEGMENT INFORMATION

The Company operates in a single industry segment which is telecommunications services.

15. SUBSEQUENT EVENT

On January 24, 1992 the Company provided notice that it intends to redeem in full all of the 7.675%, 8.30% and 8.175% U.S. dollar denominated notes payable. These notes, with an aggregate value of $98,209,000 ($85,000,000 U.S.), will be redeemed on March 4, 1992.

The Company estimates that as a direct result of the redemption of these notes and the sale of related sinking fund assets it will realize a net gain for accounting purposes of approximately $16,000,000 and approximately $25,000,000 of cash will be released from the sinking fund and will be available for general corporate purposes.

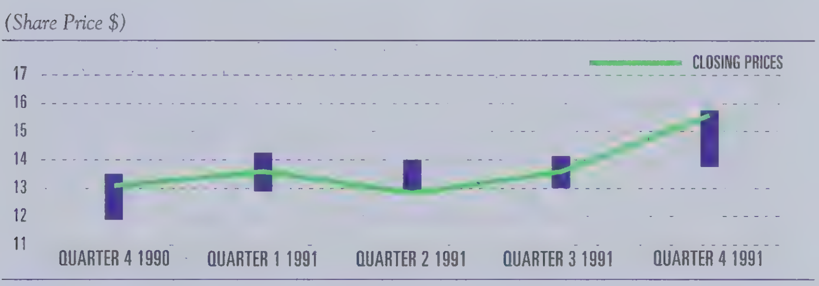
SHAREHOLDER INFORMATION

Number of Registered Shareholders •	1991	1990
Common Shares	50,913	924
Receipts 1990 (1st issue)	N/A	60,459
Receipts 1991 (2nd issue)	1,795 ■	N/A

Volume of Shares Traded (millions)	1991	1990 (4th Quarter)
Shares	36.7	8.4
Receipts 1990 (1st issue)	49.2	46.2
Receipts 1991 (2nd issue)	10.9	N/A

• The Canadian Depository for Securities (CDS) represents one registration for each security type. CDS holds securities for many institutions and individuals.
■ With the sale on December 17, 1991 of 58 million shares by the Alberta Government, very few shares had been registered into shareholder's names by month end. As of February 20, 1992, there were 9060 registered receipt holders.

TELUS COMMON SHARE PRICE



TORONTO STOCK EXCHANGE SHARE PRICE

	High	Low	Close
Quarter 4 1990	$ 13.50	$ 11.88	$ 13.25
Quarter 1 1991	14.25	12.88	13.75
Quarter 2 1991	14.00	12.88	13.00
Quarter 3 1991	14.13	13.00	13.75
Quarter 4 1991	15.75	13.75	15.75

HISTORICAL SUMMARY

	1991 TELUS
INCOME STATEMENT	
(in thousands)	
Long Distance Revenues	$ 745,640
Local Revenues	394,581
Other Revenues (net of Uncollectibles)	86,994
Total Operating Revenues	1,227,215
Total Operating Expenses	961,513
Income From Continuing Operations, Before Financing Costs (2)	247,135
Interest and Other	74,785
Income Taxes	7,538
Net Income	183,379
BALANCE SHEET	
(in thousands)	
Total Plant Investment	$3,998,651
Accumulated Depreciation	1,392,560
Total Assets	3,033,940
Long-term Debt	1,157,860
Common Equity	1,565,290
FINANCIAL STATISTICS	
Times Interest Earned	2.51
% Debt to Total Capitalization	38.0
Capital Expenditures (in thousands)	$ 352,633
Earnings Per Share - Continuing Operations	$ 1.33
Earnings Per Share - Net Income	$ 1.33
Dividends Declared Per Share	$ 0.89
Return on Common Equity (Continuing Operations)	11.8%
Closing Share Price	$ 15.75
OTHER STATISTICS	
Network Access Lines (3)	1,128,739
Long Distance Messages (in thousands)	391,292
Total Regular Employees	10,201
Total Payroll (in thousands)	$ 459,977

Certain prior period information has been restated to reflect reclassifications.

(1) Consolidated results for the AGT Commission (unaudited, January 1 - October 3, 1990) have been combined with consolidated TELUS results (October 4 - December 31, 1990) where necessary and practical to provide meaningful comparisons. Numbers marked with an asterisk (*) refer to TELUS results only.

1990(1)	1989	1988	1987
	AGT Commission		
$ 788,387	$ 773,360	$ 745,200	$ 711,424
355,542	332,880	323,576	323,205
45,324	56,582	(4,869)	1,616
1,189,253	1,162,822	1,063,907	1,036,245
950,415	885,223	818,835	799,422
230,760	265,781	245,072	236,823
25,067*	–	–	–
2,439*	–	–	–
71,718*	–	–	–
$3,989,967	$3,764,667	$3,535,057	$3,299,157
1,469,021	1,475,403	1,422,056	1,360,156
3,122,004	2,816,598	2,524,504	2,368,405
1,223,699	2,511,793	2,275,713	2,227,804
1,504,572	–	–	–
2.25*	1.19	1.17	1.08
42.6	90.4	91.9	93.7
$ 498,625	$ 443,753	$ 418,975	$ 289,146
$ .30*	–	–	–
.52*	–	–	–
.22*	–	–	–
12.5%*	–	–	–
$ 13.25	–	–	–
1,098,849	1,065,998	1,023,741	972,821
365,716	340,926	305,496	278,803
10,746	10,947	10,474	10,349
$ 458,369	$ 438,481	$ 406,101	$ 397,159

(2) Income from continuing operations before financing costs excludes net interest expense on long-term and short-term debt and any income (losses) related to the former equity investment in NovAtel. Financing costs have been excluded because the significant change in capitalization, which occurred under the reorganization, distorts the comparability of this information over the five year period.

(3) Includes Centron network access lines which were previously excluded.

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Corporate Development

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G. A. Malysheff
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Deputy Chairman & Chief
Executive Officer
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D. J. Lowry
President & Chief Operating Officer
AGT Limited
President
AGT Directory Limited

H. W. Truderung
President
AGT Cellular Limited

M. E. Raymont
President & Chief Executive Officer
Alta Telecom International Ltd.
Alta Telecom Inc.
Alta-Can Telecom Inc.

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Sunit Lohtia
Marlene Malyj

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STOCK SYMBOL

Common - AGT
Receipts - AGT. I

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